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EXCISE

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THANKS FOR THE TIME TO DISCUSS WITH THE SECRETARY BILATERAL AND THE ASEAN COUNTRIES' CONCERNS. RITHAUDDEEN SAID THAT HE WOULD FIRST LIKE TO DISCUSS THE QUESTION OF TIN. HIS GOVERNMENT WOULD LIKE TO SEE THE US PARTICIPATE IN THE TIN AGREEMENT CURRENTLY BEING NEGOTIATED IN GENEVA. UNFORTUNATELY, THE NEGOTIATIONS DO NOT APPEAR TO BE COMING TO A POSITIVE CONCLUSION. THAILAND, INDONESIA AND MALAYSIA ACCOUNT FOR 70 PERCENT OF THE WORLD'S TIN PRODUCTION. THEY WOULD LIKE VERY MUCH TO SEE US PARTICIPATE. THE MAJOR PROBLEM IS THE SIZE OF BUFFER STOCK. FORMERLY 5 TO 10,000 METRIC TONS WAS THE TRIGGER POINT; ASEAN HAS NOW AGREED TO A 35,000 METRIC TON TRIGGER POINT, AN INCREASE PERCENTAGE-WISE OF 3-400 PERCENT. ASEAN HAS PLAYED A VERY MODERATE ROLE, BELIEVES IN COOPERATING, AND DOES NOT FUNCTION AS A CARTEL.

4. RITHAUDDEEN SAID THE GOM SOUGHT US PARTICIPATION IN THE AGREEMENT. MALAYSIA BELIEVED THAT THERE WERE NO CONSTRAINTS WHICH WOULD BE DETRIMENTAL TO US INTERESTS. HE NOTED THERE ALSO STILL QUESTIONS ABOUT PRICE, BUT ASEAN HAS BEEN MODERATE IN PRICING AS WELL. ASEAN IS UNITED ON AN AGREEMENT. THE EEC AND JAPAN HAVE ALREADY AGREED. ONLY THE US IS HOLDING OUT. WHILE THIS AFFECTS MALAYSIA ECONOMICALLY, IT IS ALSO VERY IMPORTANT POLITICLY. THERE IS A LOT OF PRESSURE DOMESTICALLY ON THE GOVERNMENT. MALAYSIA WOULD LIKE TO KNOW IF THERE WERE STILL CONSTRAINTS ON THE US. SINCE THE FORMER AGREEMENT PERMITTED ONE YEAR EXTENSION BEYOND ITS EXPIRATION A YEAR AGO LAST JULY, ONLY A SHORT DELAY IS POSSIBLE. IF THE

CONFIDENTIAL

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PAGE 03 SECTO 04137 01 OF 05 201415Z

US CANNOT GO AHEAD, MALAYSIA WOULD LIKE TO KNOW, AND THEY WOULD PROCEED TO CONCLUDE THE AGREEMENT WITHOUT THE US. MALAYSIA WOULD LIKE TO SEE THE US PARTICIPATE.

5. THE SECRETARY RESPONDED THAT WHILE HE, LIKE RITHAUDDEEN, WAS NOT A TIN EXPERT, HE UNDERSTOOD THAT THE MAIN ISSUE WAS THE BUFFER STOCK ISSUE AND THAT WE HAD COME VERY CLOSE. US WOULD CONTINUE TO WORK TO SEEK AN AGREEMENT. HE REALIZED THAT THERE ARE OTHER ISSUES INVOLVED, SUCH AS PRICING, BUT THE MAIN ISSUE APPEARS TO BE BUFFER STOCK. HE PROMISED WHEN HE RETURNED HOME TO DISCUSS THE MATTER WITH HIS COLLEAGUES.

6. RITHAUDDEEN EXPRESSED HIS APPRECIATION.

7. THE SECRETARY SAID THAT HE WISHED TO RAISE MATTERS WHICH HAD BEEN STATED TO HIM IN BEIJING. HE NOTED THAT HE HAD MADE LENGTHY OVERTURES TO THE CHINESE FM AND VICE CHAIRMAN URGING IMPROVEMENT OF CHINA'S RELATIONS WITH THE ASEAN NATIONS. THE US DOES NOT INTEND TO SERVE AS A TRANSMISSION BELT, AND HE HAD ENCOURAGED THE CHINESE TO DEAL DIRECTLY WITH THE ASEAN NATIONS. NEVERTHELESS, THE CHINESE SEEMED VERY SENSITIVE TO THEIR PROBLEMS WITH SOUTHEAST ASIA AND DESIROUS OF IMPROVED RELATIONS.

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PAGE 01 SECTO 04137 02 OF 05 201417Z
ACTION SS-30

INFO OCT-01 ADS-00 SSO-00 CCO-00 /031 W
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~~CONFIDENTIAL~~ SECTION 02 OF 05 SECTO 04137

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17

8. RITHAUDDEEN SAID:

~~CONFIDENTIAL~~
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PAGE 02 SECTO 04137 02 OF 05 201417Z

10. THE SECRETARY SAID THAT HE HAD DRAWN TWO CONCLUSIONS DURING HIS VISIT. FIRST, CHINA IS CLEARLY VERY CONCERNED THAT HANOI'S ACTIVITIES IN SOUTHEAST ASIA ARE DIRECTED OR DIRECTLY SUPPORTED AND FUNDED BY THE SOVIETS.

THE SECRETARY SAID THAT HE SHARES THAT VIEW. HE HAD THE IMPRESSION THAT IF YOU GAVE HANOI THE OPPORTUNITY TO EAT CAKE, THEY WILL SEEK TO HAVE THE CAKE AND EAT IT TOO. SECOND, THE CHINESE DESIRE TO IMPROVE THEIR RELATIONS WITH ASEAN.

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PAGE 03 SECTO 04137 02 OF 05 2014177

11. THE SECRETARY SAID THAT REGARDING KAMPUCHEA
THE CHINESE WERE VERY, VERY OPEN-MINDED ABOUT THE
ULTIMATE OUTCOME. HE SAID THAT HE HAD TOLD CHINESE
LEADERS THAT THE US COULD NOT ACCEPT THE RETURN OF
POL POT UNDER ANY CIRCUMSTANCES, ALTHOUGH WE WOULD
SUPPORT THE DK CREDENTIALS IN THE UN. THE CHINESE
UNDERSTAND. THEIR AND OUR GOAL IS TO GET VIETNAM OUT
OF KAMPUCHEA.

12. THE SECRETARY SAID THAT DESPITE PRESS REPORTS
THAT THE US HAD DECIDED TO SELL LETHAL ARMS TO CHINA,
WE ACTUALLY ONLY TOLD OUR CHINESE FRIENDS THAT THE
US WOULD NO LONGER CARRY CHINA IN THE CATEGORY AS THE
SOVIET UNION. CHINA WOULD BE REGARDED AS A FRIENDLY,
NONALIGNED COUNTRY, SUCH AS COUNTRIES LIKE YUGO-
SLAVIA. THAT MEANS THAT CHINA CAN COME SHOPPING,
BUT BEFORE THE US SELLS ANYTHING TO CHINA, IT WOULD
CONSULT FRIENDS AND MUST DISCUSS THE MATTER WITH
CONGRESS. THE US DOES NOT INTEND TO REARM COMMUNIST
CHINA, BUT AFTER TEN YEARS OF NORMALIZATION AND IN
LIGHT OF A MAJOR INTERNAL REORGANIZATION IN CHINA
AND PRESSURES ON DENG, THERE IS NO REASON TO HUMILIATE
BEIJING.

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PAGE 01 SECTO 04137 03 OF 05 201535Z
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13. FOREIGN MINISTER RITHAUDDEEN SAID

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PAGE 02 SECTO 04137 03 OF 05 201535Z

16. THE SECRETARY SAID THAT HIS FRIENDS IN THE MIDDLE EAST SAY THAT IF ONLY THE PALESTINIAN PROBLEM COULD BE SOLVED, PEACE WOULD BE ASSURED. BUT HE TELLS HIS FRIENDS THAT EVEN IF THE PALESTINIAN PROBLEM WERE SOLVED, THERE WOULD STILL BE THE PROBLEM IN EL SALVADOR, KAMPUCHEA, AFGHANISTAN. "WHEN YOU PLACATE TYRANNY, YOU ARE CONSUMED BY IT," THE SECRETARY COMMENTED. WE MUST ACT WITH GREAT PRUDENCE, HE SAID. IT IS THE REGIONAL STATES WHICH HAVE THE GREATEST STAKE IN THE OUTCOME OF REGIONAL PROBLEMS. IT IS ALSO THE TRULY NONALIGNED STATES WHICH HAVE THE MOST EFFECT ON MOSCOW AND HANOI, "NOT THAT YOU CAN MAKE THEM INTO GOOD BOYS," BUT THEY DON'T WANT TO SEE THE DEVELOPING TREND IN AFRICA, THE MIDDLE EAST AND ELSEWHERE. SECRETARY NOTED THAT THE UNSC HAS JUST MANAGED A CONSENSUS RESOLUTION ON THE ISRAELI BOMBING OF IRAQI NUCLEAR FACILITIES DURING WHICH THE GOVERNMENT OF IRAQ PURSUED A MODERATE, VISIONARY POSTURE. THE RESOLUTION WILL PERMIT THE

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PAGE 03 SECTO 04137 03 OF 05 201535Z

PEACE PROCESS TO CONTINUE WITH THE SOVIETS EXCLUDED. THIS IS AWFULLY IMPORTANT IN AFRICA, THE MIDDLE EAST, AND ELSEWHERE, HE SAID. THOSE WHO DEAL WITH THE SOVIETS GET ARMS, PERVASIVE PRESENCE, AND BECOME CLIENT STATES, IN STRATEGICALLY SENSITIVE REGIONS. THIS WAS THE CASE WITH SOUTH YEMEN. AFGHANISTAN WAS ALWAYS REASONABLY FRIENDLY WITH THE SOVIET UNION, BUT THAT WAS NOT ENOUGH. THE SOVIETS WANT TO DOMINATE. THE NONALIGNED NOW REALIZE THIS.

17. THE SECRETARY SAID THAT HE WANTED THE FOREIGN MINISTER TO KNOW THAT THE REAGAN ADMINISTRATION WOULD NOT BE PEDANTIC OR HEAVY-HANDED, BUT WOULD TAKE ITS LEAD FROM REGIONAL FRIENDS. THE ADMINISTRATION UNDERSTOOD THAT, ABOVE ALL, MALAYSIA WANTED HELP FOR ITS ECONOMIC DEVELOPMENT. THIS WAS MOST IMPORTANT BECAUSE IT PREVENTS CIRCUMSTANCES IN WHICH THE SOVIETS CAN MOVE IN.

19. THE SECRETARY RESPONDED THAT THE US COULD BE COUNTED ON. HE ALSO RECALLED THAT PAKISTAN'S PRESIDENT ZIA HAD TOLD HIS COLLEAGUES A FEW WEEKS

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~~CONFIDENTIAL~~ SECTION 04 OF 05 SECTO 04137

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20. RITHAUDDEEN SAID THAT MALAYSIA WOULD LIKE TO SEE VIETNAM LESS DEPENDENT ON THE SOVIETS. HE THEN ASKED FOR THE SECRETARY'S VIEWS ON NORMALIZATION WITH VIETNAM

21. THE SECRETARY SAID THAT IN THE LONG-TERM OUR OBJECTIVE WAS TO BREAK SOVIET INFLUENCE AND TO HAVE VIETNAM REJOIN THE FAMILY OF SOUTHEAST ASIAN NATIONS. BUT IN THE NEAR-TERM, THE BEST COURSE WAS ECONOMIC AND POLITICAL PRESSURE. THEY SHOULD NOT BE ALLOWED TO EAT AT THE REGIONAL TABLE, WHILE THEY OCCUPY KAMPUCHEA. HE SAID THAT HE COULD NOT ACCEPT HANOI'S CLAIM THAT THE FEAR OF CHINA TO THE NORTH WAS THE EXCUSE FOR MARCHING SOUTH. HOW CAN YOU JUSTIFY MARCHING SOUTH BECAUSE OF DANGER FROM THE NORTH?

22. RITHAUDDEEN SAID.

CONFIDENTIAL
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PAGE 02 SECTO 04137 04 OF 05 201420Z

23. THE SECRETARY SAID THAT WITHOUT THE UNITY, WISDOM AND CONDEMNATION OF VIETNAM BY ASEAN, AND HAD IT NOT BEEN FOR CHINESE PRESSURE, WE WOULD HAVE SEEN VIETNAMESE TROOPS MARCHING THROUGH THAILAND AND TOWARD MALAYSIA.

24. FOREIGN MINISTER RITHAUDDEEN SAID.

HE ALSO WISHED TO RAISE THE QUESTION OF REFUGEES, WHICH THE SECRETARY SAID HE WISHED TO RAISE. HE EXPRESSED THE HOPE THAT THE US WOULD CONTINUE AS IN THE PAST TO HELP WITH THE REFUGEE PROBLEM. THE PRESENT PROBLEM WAS THAT OURING THE LAST FOUR OR FIVE MONTHS, THE NUMBER OF REFUGEES FROM VIETNAM WAS RUNNING ABOUT 5-6,000 A MONTH. A YEAR AGO, THE NUMBER WAS ONLY 5-600 OR 1,000 A MONTH. NOW THE NUMBERS OF DEPARTURES ARE FEWER THAN THE NUMBERS OF THOSE ARRIVING. THE LIGHT AT THE END OF THE TUNNEL SEEMS TO BE BLACKENING OUT. HE EXPRESSED GRATITUDE, NONETHELESS, FOR CONTINUED US ASSISTANCE.

25. THE SECRETARY PROMISED THAT THE US WOULD CONTINUE TO PROVIDE ULTIMATE REFUGE FOR POLITICAL REFUGEES. THE US WOULD ALSO CONTINUE TO PROVIDE HUMANITARIAN ASSISTANCE TO THE REFUGEES AND TO COUNTRIES WHERE FIRST ASYLUM IS PROVIDED. THE US REGARDS THIS AS A HUMANITARIAN OBLIGATION. THE US WOULD ENCOURAGE

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PAGE 03 SECTO 04137 04 OF 05 201420Z

OTHERS, LIKE AUSTRALIA, GREAT BRITAIN WHO HAVE BEEN GOOD IN RESETTLING REFUGEES, TO CONTINUE TO DO SO. RESETTLEMENT, HOWEVER, IS LESS EFFECTIVE THAN GOING TO THE SOURCE OF THE PROBLEM. ASEAN CONDEMNS HANOI FOR ITS PURSUIT OF HEGEMONY, FOR ITS INVASION OF KAMPUCHEA, AND ITS INTERNAL SUPPRESSION. THIS IS A VERY IMPORTANT PRESSURE ON THE SOURCE. WHILE THE US WILL CONTINUE TO RESETTLE REFUGEES, OTHERS SHOULD ALSO REALIZE THE DIFFICULTY IN THIS REGARD, SUCH AS UNEMPLOYMENT. THE US, NEVERTHELESS, WILL MAINTAIN A DUAL TRACK OF MEETING ITS HUMANITARIAN OBLIGATIONS AND DEALING WITH THE PROBLEM OF THE SOURCE.

26. RITHAUDDEEN NOTED THAT THE INTERNATIONAL COMMUNITY HAD BEEN SUCCESSFUL IN 1979 IN PERSUADING VIETNAM TO UNDERTAKE A MORATORIUM ON THE REFUGEE EXODUS, BUT VIETNAM IS STILL NOT ABLE TO COPE
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27. THE SECRETARY ADDED THAT THE US HAD SOME DIFFICULTY ON RESETTLEMENT DURING THE CHANGE IN ADMINISTRATIONS. THIS WAS BUREAUCRATIC AND HAS NOW BEEN STRAIGHTENED OUT. HE ALSO STRESSED RECOGNITION OF THE GREAT BURDEN OF THE REFUGEE PROBLEM TO

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PAGE 01 SECTO 04137 05 OF 05 201421Z
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FIRST-ASYLUM COUNTRIES.

28. FOREIGN MINISTER RITHAUDDEEN EXPRESSED THE
HOPE THAT HE WOULD SEE THE SECRETARY IN KUALA LUMPUR.

29. THE SECRETARY EXPRESSED EAGERNESS THAT HE
VISIT KUALA LUMPUR. HE RECALLED THAT DURING THE
ANGUISH OF VIETNAM MALAYSIA HAD BEEN VERY HELPFUL
IN PERMITTING AMERICAN SOLDIERS TO VISIT AND REST
IN MALAYSIA. THESE VETERANS HAVE THE HIGHEST
REGARD AND APPRECIATION FOR YOUR FRIENDSHIP. HE
EXPRESSED HIS OWN GRATITUDE.

30. RITHAUDDEEN EXPRESSED HIS APPRECIATION AND
THANKS FOR THE EXCHANGE.

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